

Eye on Southeast Europe



The Housing Market in Southeast Europe, Part II

This article continues to explore opportunities for U.S. businesses in the housing sector in Southeast Europe (see Part I in the September 2003 issue).

Albania

The construction sector grew 9.1 percent in 2002, and in the first quarter of 2003, the number of completed buildings rose by 81.1 percent year-on-year, spurred by demand in both residential and non-residential construction. Data from the 2001 census show that Albania still has one of the lowest levels of housing per capita among Eastern European countries. The construction industry consists of an estimated 70 joint ventures and 50 wholly owned foreign companies. The majority of firms in the housing-construction sector are small-scale builders, with relatively few high-capacity builders.

Since 2001, progress has been made toward meeting excess demand for housing. Large cities in Albania, including Tirana and Dures, are currently benefiting from the construction boom. The latest figures show an annual increase of five units per 1,000 inhabitants, an indication of considerable growth. According to figures published on building permits, housing as a share of all new buildings has increased from 37.6 percent in 1995 to 60.5 percent in 2000. During the 1990s, the number of households increased by 8 percent. The average household size was and is rather high relative to other countries in Southeast Europe.

Bulgaria

Housing in Bulgaria was on the rise in 2002; the construction and building-materials industry is slated for high growth. According to the Bulgarian Chamber of Building and Construction, the growth in construction services in Bulgaria is expected to reach 15 percent over the next two years. Bulgarian builders are interested in adopting U.S. construction technology and building materials. New building construction is primarily steel-reinforced concrete and brick, but some home builders are beginning to use American-style platform-frame wood construction and prefabricated housing for their different styles, superior

energy performance in Bulgaria's climate, soundproofing, earthquake resistance, and price-competitiveness with European products. U.S. value-added residential building products for single-family homes that may have very good market prospects in Bulgaria include wooden and vinyl windows, doors, flooring, and kitchen cabinets. Other potential U.S. exports include framing lumber, plywood, molding, and fiberboard.

Because of relatively stable economic conditions in Bulgaria over the past year, the building-materials market has expanded by 22 percent, and it will continue to expand by a steady 12.5 percent in the near term. The market can be expected to grow even more over the long term when the economy strengthens, along with the real estate market. Bulgaria's housing market is improving and offers excellent opportunities for U.S. suppliers of building materials, and great potential for manufacturers of value-added products.

FYR Macedonia

Over the last decade, the construction industry has comprised 5.1–7.9 percent of GDP and has had annual revenue of \$400 million. Data compiled in the first quarter of 2001 indicated a trend of increasing production. In 2000, production of building materials increased 38.1 percent, while the export of building materials increased 14.7 percent from 1999. The largest export markets for building materials were Kosovo and Albania. Also in 2001, the Macedonian Development Bank launched a program for export insurance covering commercial risks for exporters of building materials.

Buildings in Macedonia are energy inefficient, heavy, and take a relatively long time to build. Builders in Macedonia are starting to explore American-style platform-frame wood construction and prefabricated housing. This situation offers many opportunities to promote high-tech U.S. building materials based on advanced U.S. technology. U.S. value-added building products that may have very good market prospects include wood and vinyl windows, doors, flooring, kitchen cabinets, suspended ceilings, insulation, adhesives, cements, roofing shingles, heating and ventilation equipment; air-conditioning, refrigeration, and cooling systems; and steel buildings and fabrications. The domestic market in Macedonia consists of goods such as cement, cement products, and gypsum products.

